

California International Trade and Investment Strategy

Pursuant to the California International Trade and Investment Act of 2006 (Senate Bill 1513) enacted as Government Code Title 2, Division 3, Part 4.7, Chapter 2.5, Section 13996.55

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This International Trade and Investment Strategy was prepared pursuant to the California International Trade and Investment Act of 2006 (Senate Bill 1513), enacted as Government Code Title 2, Division 3, Part 4.7, Chapter 2.5, Section 13996.55. The Act states that this Strategy include: policy goals, objectives and recommendations necessary to implement an international trade and investment program; measurable outcomes and timelines; impediments for achieving goals and objectives; identification of key stakeholder partnerships; funding options; and, an organizational structure for administration of policies, programs and services.

The Act additionally states that this Strategy be developed in consultation with the California Economic Strategy Panel and other agencies, boards and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment. This Strategy shall be reviewed in at least one public hearing by the relevant policy and fiscal committees of each house of the Legislature within 60 days of submission; the Secretary of the Business, Transportation, and Housing Agency (BT&H) may then modify this Strategy based on committee recommendations. This Strategy shall be updated, pursuant to the specifications outlined in the Act, at least once every five years.

Introduction and Overview

California, one of the largest economies in the world, is an ideal competitor in an increasingly interdependent global marketplace. Foreign trade and investment are key to California's economic strength, and thus, their enhancement and promotion is integral to the state's economy. Small and medium sized businesses account for the bulk (95% of exporting companies in 2005) of California exporters, and are most likely to benefit from the leverage that a government entity can offer in foreign markets.

The overarching policy identified in this International Trade and Investment Strategy is to increase jobs by promoting the export of California products and services, while also promoting foreign direct investment. In order to achieve this policy goal, five primary objectives have been identified: (1) Leverage existing services to provide export assistance to companies in prioritized industry clusters, (2) Develop a foreign direct investment program, (3) Promote and leverage the California brand, (4) Monitor and engage the federal government in regards to U.S. trade policy, and (5) Integrate international trade and investment into the state's overall economic development strategy. This Strategy outlines a series of actions needed to move California closer to achieving these objectives and the overall policy. Many of these actions fit under multiple objectives below; however, each is grouped in the most relevant area.

This Strategy recommends prioritizing certain industry clusters in order to focus the State's limited resources on supporting and promoting those areas that are both foundational to the California economy, and demonstrate the greatest potential for export growth. While some objectives and actions will focus on these prioritized industry clusters, services will be available to all California companies. Industry clusters will be identified using the "Industry Clusters of Opportunity" methodology developed by the California Economic Strategy Panel. This process will include two components that will be implemented to the fullest extent possible with available resources.

The first component will identify priority industry clusters for export. The California Regional Economies Employment (CREE) Series, which is the non-confidential version of the official employment and wage information reported by employers, is one primary data source. This information will be compared with export data by industry from the U.S. Department of Commerce. The second component is qualitative and will identify small and medium size businesses within a priority industry cluster. The process will gather information regarding export opportunities and constraints in the global market. In addition, upon identifying priority industry clusters, BT&H will then work with the U.S. Department of Commerce to consider the effects of foreign markets and global competition on determined clusters.

This Strategy lays out an initial blueprint designed to leverage and enhance existing benefits provided by federal and local entities. This Strategy should be considered a first phase within a larger multi-step plan to bring the state's policies, programs, and services, into alignment with the need of California businesses to remain competitive and successful within the global marketplace. It is envisioned that the total plan will take three to five years to achieve and be fully integrated within the state's primary mission areas.

At its core, California is a world leader in innovation, especially in the areas of technology and design. Achieving and maintaining this dominate role, however, will require a conscious stewardship that looks outward and works globally for the benefit of California businesses. As other regions of the United States and foreign countries continue to develop their own innovation clusters anchored by world class universities and research facilities, California must recognize that the basis for competition in an increasingly globalized innovation economy is shifting. Dozens of countries around the world are pursuing national innovation agendas at flank speed as they begin to understand the varying components of the global value chain, including the phases of scientific discovery, research and development, business development, and commercialization. Given this global context, California must reexamine and reframe its role within this emerging global innovation economy and move from the "I win, you lose" dynamics to a more current business model based on collaboration and integration within a global value chain.

The international trade study formed a strong foundation by gathering important information, examining key questions, identifying external factors that could affect outcomes, and clearly laying out the key policy assumptions of the state's trade and investment strategy. The Strategy identifies the key resources and activities that must be undertaken in order to achieve a more effective state structure to support California businesses success.

This first Strategy relies on the development of basic measurement tools which will help establish the baseline for more advanced measurements in the future. Conceptually, the Strategy focuses the state's activities toward priority industry clusters, which will allow for deeper and more productive engagements with industry trade associations and capital markets. This deeper engagement enhances the ability of the state to concretely support these industry clusters both directly and through advocacy in free trade agreement negotiations and other federal and international actions that impact California businesses' ability to be globally competitive.

Given current fiscal restraints, this initial Strategy presents a purposeful step forward without proposing an expansion of the State's bureaucracy. By focusing on existing services and resources the State avoids the potentially significant impediment of inadequate funding. The emphasis on partnerships and collaborations also allows the State to act more quickly and efficiently than creating a new structure.

Finally, while infrastructure and workforce development are not within the primary jurisdiction of international trade and foreign investment, they must be considered during discussions regarding trade and foreign investment expansion. The potential constraints on trade created by inadequate transportation infrastructure and the lack of an educated and available workforce could reduce the efficiency and competitiveness of California as a trade partner (e.g., transportation delays of perishable agricultural products make them unmarketable). These challenges must also be addressed as part of the overall trade expansion strategy.

Policy

To increase jobs by promoting the export of California products and services; while also promoting foreign direct investment.

Objectives and Actions

In order to achieve the above stated policy, the following objectives will be pursued:

- 1. Leverage existing services to provide export and import assistance to companies in prioritized industry clusters.
- 2. Develop a foreign direct investment program.
- 3. Promote and leverage the California brand.
- 4. Monitor and engage the federal government in regards to U.S. Trade Policy.
- 5. Integrate international trade and investment into the State's overall economic development strategy.

<u>OBJECTIVE 1:</u> LEVERAGE EXISTING SERVICES TO PROVIDE EXPORT AND IMPORT ASSISTANCE TO COMPANIES IN PRIORITIZED INDUSTRY CLUSTERS

In order to provide export assistance to companies, existing services should be leveraged in a manner that fulfills the needs of California's small and medium enterprises. Expanding the existing California Trade Partnership, developing an agreement with the California Community College system's Center's for International Trade Development, and utilizing U.S. Commercial Service export services are all actions that will enable this objective. Regardless of prioritized industry clusters, trade promotion services will be available to *all* California companies.

Action 1: Enhance the facilitation role of the California Trade Partnership to improve access to programs and services.

- Identify core and emerging industry clusters and their related markets for targeting export and import related activities
- b. Facilitate and/or sponsor a minimum of three events annually, focused on increasing exports in prioritized industries or countries.
- c. Expand and diversify the Partnership by developing a new set of membership criteria.
- d. Create ad hoc committees as issues arise relative to import issues, export services, investment, and policy development.
- e. Working with targeted industry associations, investors, and trade specialists, examine trends in global business development, international trade, and investment.
- f. Facilitate the development of a directory of subject matter experts in recognized partner organizations to address the need for industry and country expertise in prioritized areas.
- g. Have at least three economic and business stakeholders from each of California's nine regional economies contribute to the development of the web-based directory for programs and services.
- h. Annually report on the progress being made in implementing the strategy.

PRIORITY LEVEL: 1

TIMELINE: Begin – 1st quarter 2008, Complete – 1st quarter 2009

MEASURABLE OUTCOMES: Number of events held, number of businesses served at events, and number of new Partnership members. Inventory of whether or not committee structure, new membership criteria, and international trade and investment trends report are completed.

Action 2: Draft and implement an agreement between the California Business, Transportation, and Housing Agency (BT&H) and the California Community College system's Centers for International Trade Development (CITD's) that focuses on increasing the small and medium sized business access to existing resources, and when appropriate, to businesses in prioritized industry clusters and countries:

- a. Develop and have the MOU signed that addresses the approved action items.
- b. Establish a tracking system that could be used by BT&H, the California Community Colleges, and others to track participation and outcomes of international promotion activities such as; trade shows, international business matchmaking (inbound and outbound), and other targeted international business promotions.
- c. Increase by 10% the amount of export and import training and consultations undertaken by CITDs to assist California companies in becoming more globally competitive.
- d. Develop a collaborative strategy between California trade stakeholders to attract foreign students by working with the University of California, the California State University, the California Community Colleges, and private education service providers.
- e. Facilitate the development of collaborative federal, state, and local grant applications that advance the purposes and activities of the Strategy.
- f. Develop a web-based directory of federal, state, and international resources that are available, or could be made available, to assist small and medium sized business in export and import related activities, including online international business resources.
- g. Provide BT&H with information and statistics to assist in the development of an annual report on international trade and investment trends.

PRIORITY LEVEL: 1

TIMELINE: Begin – 2nd quarter 2008, Complete – 4th quarter 2008 [agreement], Ongoing [implementation]

MEASURABLE OUTCOMES: Increase in number of companies assisted, number of grants applied for, and amount of grant monies received.

Action 3: Work with U.S. Department of Commerce Foreign Commercial Service and Export Assistance Centers and the U.S. Department of Agriculture to promote focused export services to companies in prioritized sectors, including access to overseas offices and domestic subject matter experts.

- a. Incorporate U.S. Department of Commerce and the U.S. Department of Agriculture's activities into all relevant state sponsored trade missions, trade shows, and other activities.
- b. Promote five events and five_services provided by the U.S. Department of Commerce via the BT&H International Trade webpage and other venues as appropriate.
- c. Increase by 10% the number of California companies participating in "Gold Key" service, when partnering with the U.S. Department of Commerce that includes "Gold Key" services.
- Increase by 10% the total number of California companies assisted by the U.S. Department of Commerce Office based on the U.S. Department of Commerce's tracking system.

PRIORITY LEVEL: II

TIMELINE: Begin - 3rd quarter, 2008 Complete - Ongoing

MEASURABLE OUTCOMES: Increase in the number of California companies receiving services, increase in California companies exporting goods, and increase in the number of California companies participating in U.S. Department of Commerce activities during state sponsored events.

OBJECTIVE 2: DEVELOP A FOREIGN DIRECT INVESTMENT PROGRAM

While the federal government has programs to support foreign direct investment (FDI) broadly to the U.S., attracting investment specifically to California is a task the State must accomplish without federal support. FDI is critically important to the California economy and deserves a state-level response and dedicated activities distinct from trade promotion. In order to attract this type of FDI, California should develop an investment attraction strategy, provide information to incoming foreign delegations, and consider relocating the California Business Investment Services (CalBIS) to BT&H.

Action 1: Consider relocating the California Business Investment Services (CalBIS) from the California Labor and Workforce Development Agency to the California Business, Transportation and Housing Agency in order to better coordinate California's investment services and integrate them into the State's overarching economic development strategy.

- a. Working in cooperation with the Labor and Workforce Development Agency, develop a list of current costs and activities undertaken by CalBIS.
- b. Identify funding to cover existing costs at BT&H.
- c. Determine best course of action and take steps to implement.

PRIORITY LEVEL: III

TIMELINE: Begin – 1st Quarter of 2009, Complete 4th Quarter of 2009

MEASURABLE OUTCOMES: Completion of the assessment, costs, and final determination.

Action 2: Develop and pursue an investment attraction strategy focusing on core and emerging California industry clusters, emerging domestic markets, and leveraging assets such as research institutions.

- a. Work with international, federal, state, and local public and private stakeholders to develop a foreign investment strategy that maximizes California's comparative advantages and embraces new global business development models. Key stakeholders include, but are not limited to: BT&H's Deputy Secretary for Economic Development; CalBIS; the California Economic Strategy Panel; the University of California and other world class research facilities in California and abroad; the Centers for International Trade Development; institutional investors and organizations representing their asset mangers, including emerging managers; ethnic chambers, economic development professionals, including site selection consultants; industry trade associations from targeted industry clusters; and the California Trade Partnership to develop strategy.
- b. Think broadly to identify programs and resources that could be used to help attract, retain, and enhance foreign investment opportunities in California from global and national investor stakeholders, as well as, California investor stakeholders, including the International Monitory Fund, World Bank, and United Nations development programs.
- c. Establish, on a short-term basis, or use an existing business/investor advisory group to guide the development of the Strategy.
- d. Identify statutory, regulatory, and budgetary requirements for implementing the Strategy.
- e. Based on the FDI Strategy, develop an "Invest in California" website.
- f. Prepare appropriate documents to implement the Strategy.

PRIORITY LEVEL: I

TIMELINE: Begin – 4th quarter 2008, Complete – 4th quarter 2009

MEASURABLE OUTCOMES:

Action 3: Facilitate incoming foreign delegations in order to promote California products and services, encourage foreign investment, and expand cultural and educational ties.

- Emphasize investment attraction during future Governor or Secretary led trade missions by including material in speeches. Make Investment attraction one of the criteria used for selecting site visits.
 Work with foreign consular coups and their commercial service representatives.
- b. Establish a tracking system to monitor foreign investment attraction activities that is consistent with and could be integrated into the trade promotion tracking system identified in Objective 1.
- c. Participate in five inbound, or reverse, trade mission per year, where business leaders from other countries are brought to California in order to demonstrate the network of foreign investment resources available.

PRIORITY LEVEL: III

TIMELINE: Begin – 1st quarter 2009, Complete – 3rd quarter 2009 [in bound mission], Ongoing [other actions]

MEASURABLE OUTCOMES: Number of inbound trade missions hosted, quality of inbound trade missions measured via participant surveys, and establishing of a tracking system.

OBJECTIVE 3: PROMOTE AND LEVERAGE THE CALIFORNIA BRAND

California is a name brand identifiable worldwide. Promoting the California brand is an integral component to helping California companies expand their global business development. It gives enterprises an advantage in the world marketplace as they are immediately associated with the quality, innovation, and lifestyle of California. In order to promote and leverage the California brand BT&H will work with the California Travel and Tourism Commission, the California Department of Food and Agriculture, local economic development professionals, and industry trade associations from priority industry clusters, to plan trade missions, and trade shows, and the development of a prominent web presence.

Action 1: Facilitate trade missions to promote California products and services in prioritized industries, encourage foreign investment, and expand cultural and educational ties in a manner that leverages California icons, lifestyle, and business strengths.

- a. Develop an annual recruitment and promotion plan, including appropriate monitoring and measurement provisions, focused on attracting small and medium businesses in prioritized industry clusters. The promotion plan should include existing stakeholder, such as, Team California, and engage new stakeholders appropriate for expanding the use of the California brand.
- b. Integrate a foreign investment component in the recruitment and promotion plan, consistent with the foreign investment strategy developed in Objective 2, by including the hosting of investment focused meetings and events in destination countries. Track events using tracking system developed in Objective 2.
- c. Integrate California trade promotion opportunities events such as: briefings from U.S. Embassy Commercial staff, industry specific roundtables and breakout sessions, events with business leaders, and connections to U.S. Department of Commerce matchmaking and other services. Track events using tracking system developed in Objective 1.

PRIORITY LEVEL: II

TIMELINE: Begin – 1st quarter 2009, Complete – Ongoing

MEASURABLE OUTCOMES: Completion of the promotion and recruitment plan, number of trade missions facilitated or hosted, completions of the trade promotion framework, number of companies participating, amount of follow up with each trade mission participant, business deals created or closed, and participant satisfaction measured via survey.

Action 2: Participate in trade shows in identified industries to explore new markets, strengthen business relationships, and strategically market California.

- a. Annually Identify key trade shows where California should have a presence.
- b. Develop a recruitment plan including appropriate monitoring and measurement provisions focused on attracting small and medium businesses, engaging university and R&D participation, and diversifying participating companies.
- c. Host California specific events on-site by working with CITDs and other partners_including local economic development professionals and industry trade associations from priority industry clusters.

PRIORITY LEVEL: II

TIMELINE: Begin – 3rd quarter 2008, Complete – 2nd quarter 2009 [1st show] 4th quarter 2009 [2nd show]

MEASURABLE OUTCOMES: Establishment of an annual trade show schedule, completion of the recruitment plan, number of local economic development professionals and industry trade association representative in attendance and the number that adopt parts of the state strategies within their own local strategies, number of California companies participating and quality of participant experience measured via survey.

Action 3: Establish a prominent web presence as a link between state and local services, domestic and overseas partners, client companies, industry trade associations from priority industry clusters, and the media.

- Develop a schedule and work plan to expand the existing BT&H website and provide regular updates.
- b. Ultimately, the website shall include:
 - 1. Increased visibility and recognition of existing California branding efforts by coordinating with the California Travel and Tourism Commission, Team California, private industry and local government efforts, and the California Department of Food and Agriculture.
 - 2. Resource materials for California businesses interested in increasing exports and imports gathered in Objective 1.
 - 3. Directory of subject matter experts in partner organizations, developed pursuant to Objective 1.
 - 4. California Trade Partnership information.
 - 5. State wide events calendar.

- Letters to state, federal and international entities related to trade and investment.
- 7. News alerts related to international trade and investment events and activities.
- Information and resources related to foreign investment and workforce development.
- c. Working with stakeholders, develop and implement a marketing and outreach strategy regarding the new/upgraded website.

PRIORITY LEVEL: II

TIMELINE: 2nd quarter 2009, Complete – 4th quarter 2009 [website], Ongoing [others]

MEASURABLE OUTCOMES: Completion of the upgrade of the BT&H website, the breadth of the information provided v. what was planned, number of links from stakeholder groups to the upgraded site, and the number of visits to website before and after updating.

<u>OBJECTIVE 4</u>: MONITOR AND ENGAGE THE FEDERAL GOVERNMENT WITH REGARD TO U.S. TRADE POLICY

The interests of the State and the business community are directly affected by international trade negotiations at the federal level. In order to better monitor and engage the federal government in regards to trade policy, BT&H will advance California's interests in international trade policies with the U.S. Trade Representative, engage the California Chamber as an advisory body, and join the State International Development Organizations.

Action 1: Actively monitor and articulate California's interests in international trade policies.

- Participate in the Office of the United States Trade Representative Intergovernmental Policy Advisory Committee (IGPAC) in order to engage the federal government with regard to trade policy and trade agreements.
- b. Establish a tracking system for monitoring trade policy and trade agreements that meets the needs of the Administration.
- c. Share trade policy and trade agreement information with the Legislature.
- d. Provide at least fours updates on what is pending and what has occurred related to federal trade policy and trade agreement provisions.
- e. Work with the Governor's Washington D.C. Office in order to monitor, advocate, and increase California's presence at the federal level.

PRIORITY LEVEL: I

TIMELINE: Begin – 1st quarter 2008, Complete – Ongoing

MEASURABLE OUTCOMES: Completion of the tracking system, percentage of information actually tracked.

Action 2: Engage the California Chamber of Commerce's Council for International Trade as an advisory body on trade and investment policy.

- Attendance by the Undersecretary for International Trade at Council for International Trade
 Committee meetings and consultation with members on issues related to trade policy will occur when appropriate.
- b. Informal communication between the Undersecretary for International Trade and Council for International Trade members will also take place when appropriate.
- c. Supplement the advice of the California Chamber of Commerce's Council for International Trade through partnerships with industry trade organizations from targeted industry clusters investors, foundations, local governments, economic developers, and the State bar.

PRIORITY LEVEL: II

TIMELINE: Begin – 3rd quarter 2008 Complete – Ongoing

MEASURABLE OUTCOMES: Number of times the State Chamber and or the stakeholder groups prepared research-based written comments on federal trade issues being discussed by the SPOC and the Legislature.

Action 3: Join the State International Development Organizations (SIDO), the only national organization focused exclusively on state international trade development. Being a member of SIDO will allow California to share best practices with other states and international trade officers and participant in joint advocacy programs with other state and the federal government:

a. Collaborate on regional trade events.

PRIORITY LEVEL: III

TIMELINE: Completed

MEASURABLE OUTCOMES: SIDO advances the states interests in enhancing the U.S. Department of Commerce tracking system, California participates in 50% or more regional SIDO events.

Action 4: Establish an intra-governmental coordinating body modeled on the federal government's Trade Policy Coordinating Committee (TPCC) and chaired by the Undersecretary for International Trade, to facilitate coordination at the staff level between state agencies with trade and investment-related responsibilities. A variety of issues will be addressed through the TPCC including, up not limited to, trade promotion, FDI, California branding, and impact of federal trade activities on California.

- a. Trade Policy Coordinating Committee (TPCC) shall include, but not be limited to, representatives from the following State entities: the California Department of Food and Agriculture, the California Travel and Tourism Commission, the Labor and Workforce Development Agency, the Office of the Small Business Advocate, and the California Energy Commission.
- b. Establish the TPCC, have a representative be named by each state entity member.
- c. Meet at least quarterly on the implementation of the Strategy, potential global economic opportunities that would benefit a coordinated state response, reductions in regulatory barriers that inhibit exports and the attraction of foreign capital, and other cross jurisdictional issues relating to global competitiveness and advancing California's comparative advantages.

PRIORITY LEVEL: I

TIMELINE: Begin – 1st guarter 2008, Complete – Ongoing

MEASURABLE OUTCOMES: Intra-coordinating body is established, members appointed, and at least four meetings are held per year.

<u>OBJECTIVE 5</u>: INTEGRATE INTERNATIONAL TRADE AND INVESTMENT INTO THE STATE'S OVERALL ECONOMIC DEVELOPMENT STRATEGY

Economic development strategy in the State should be comprehensive and implemented across programs and agencies. Specifically, international trade and investment programs should not be siloed, but rather directly linked to the State's broader economic development strategy and mechanisms. In order to move in this direction BT&H has identified two priority actions; adding an international trade and investment component to the California Economic Development Partnership, and developing a coordinating committee to increase communication across agencies at the staff level.

Action 1: Add international trade, global competitiveness, and the attraction of foreign investment into the agenda of the California Economic Development Partnership and the California Economic Strategy Panel. The California Economic Development Partnership is a collaboration between the Agency Secretary's of the California of Labor and Workforce Development Agency (CLWDA, the California Department of Food and Agriculture (CDFA) and the Business, Transportation, and Housing Agency (BT&H). Specific attention will be paid to the cost of regulations on attracting foreign investment.

PRIORITY LEVEL: I

TIMELINE: Begin – 1st quarter 2008, Complete – Ongoing

MEASURABLE OUTCOMES: An agreement or other action is taken to acknowledge how members of the California Economic Development Partnership will help implement and integrate the provisions of this Strategy into their own core work and the Economic Strategy Panel includes impacts of trade, attraction of foreign investment, and the global economy into their list standard areas of review. The development of an initiative to address the cost of regulations on attracting private capital that emphasizes innovation in achieving the same policy objectives in a less costly manner.

Action 2: Establish a formal working relationship with key boards, commissions, task forces, and work groups that deal with traded and foreign investment related activities including, but not limited to workforce development, licensing and permitting, and infrastructure.

- a. Identify a list of key boards, commissions, task forces, and work groups that address trade and foreign related activities.
- b. Establish formal working relationships with at least 75% of the identified groups in (a).
- c. Identify and track key trade issues being addressed in the identified groups. Use this information is completing other Actions in Objective 1, 2, 3 and 5.

*Measurable outcomes are listed for those activities and objectives where a performance measure is readily quantifiable and appropriate. However, some of the recommendations in this International Trade and Investment Strategy are not quantifiable in a manner that allows for accurate evaluation of activity effectiveness. BT&H will use this initial 18 month Strategy to establish plans and baselines so that in the future more meaningful measurements can be taken. In future years, based upon the tracking methods established in this Strategy, BT&H should be able to address key policy questions on outcomes from activities undertaken and calculate more realistic return on investments. For recommendations with limited performance measures, BT&H will continue searching for, and, where necessary, develop reasonable measures throughout the implementation process, and integrate findings into existing practices and updated versions of this Strategy.

In order to implement the policy, objectives, and actions outlined within this Strategy several factors must be taken into account. The International Trade and Investment Act specifies that this Strategy include, in addition to the above: identification of key stakeholder partnerships; funding options; impediments for achieving goals and objectives; and, an organizational structure for administration of policies, programs and services. These sections are addressed throughout the remainder of this Strategy.

Stakeholders

No one organization can meet the State's international trade and investment needs alone, whether state, federal, non-governmental or private. Thus, systematic collaboration is necessary in order to accomplish the objectives outlined in this Strategy. Mobilizing the extensive network of stakeholders outlined below, as well as others, into a more cohesive partnership is essential to continuing the necessary collaborative process. Partners include, but are not limited to:

California Department of Food and Agriculture (CDFA): The CDFA provides a variety of trade services to assist California companies in exporting agricultural products. Services include: market information; trade policy advocacy; export documentation; training and education; marketing activities; and, promotional funding to California companies.

California Travel and Tourism Commission (CTTC): The CTTC focuses on international and new market development. The CTTC is working to introduce the California brand to far-reaching audiences and establish strategic alliances with trusted in-market brands.

California Energy Commission (CEC): The California Energy Commission's Energy Technology Export Program helps innovative California companies export their technologies, products, and services to international energy markets. Through the Global Energy Connection, the Export Program provides a clearing house of energy-related events, explains business and financing opportunities, and offers a searchable directory of California-based energy companies.

California Environmental Protection Agency (CalEPA): CalEPA work's to restore, protect and enhance the environment, and to ensure public health, environmental quality and economic vitality. Given the global nature of environmental issues and the potential economic impact of environmental technologies, the CalEPA is a key stakeholder in international trade and investment development.

California Labor and Workforce Development Agency (LWDA): LWDA coordinates workforce programs with two primary goals of improving access to employment and training programs, and ensuring that California businesses and workers have a level playing field in which to compete and prosper.

University of California (UC): The University's fundamental missions are teaching, research and public service. Through their academic programs, UC helps create an educated workforce that helps keep the California economy competitive. The UC's research programs also yield a multitude of benefits for California: including generating billions of tax dollars by helping the economy grow through the creation of new products, technologies, jobs, companies and even industries.

Centers for International Trade Development (CITDs): CITD's are strategically located throughout the State, and staffed with experienced multi-lingual experts. The CITD's assist importers, exporters, start-up companies, as well as established traders, regardless of product or country of interest. There are fourteen CITDs throughout the State.

U.S. Department of Commerce: The U.S. Department of Commerce has a network of export and industry specialists located in more than 100 U.S. cities and over 80 countries worldwide. These trade professionals provide counseling, and a variety of products and services to assist small and midsized businesses export their products. There are 15 U.S. Department of Commerce, Foreign Commercial Service Export Assistance Centers in California.

U.S. Small Business Administration, U.S. Export Import Bank, and U.S. Bureau of Industry and Security: Specialized federal agencies, all with California offices, that can assist with export financing and U.S. export controls.

Chambers of Commerce: Membership organizations that provide advocacy at the state and federal level to ensure fair legislation and a pro-business climate. Provide a full range of products and services to assist business domestically and internationally.

Trade and Industry Associations: Individuals and companies in specific businesses or industries are valuable source of information, and excellent potential partners for a multitude of international trade and investment promotion activities.

World Trade Centers: Membership organization focused on facilitating trade and business activity by bringing together business leaders from around the world. Provide services such as international business training, global matchmaking, and customized consulting.

California Commission for Jobs and Economic Growth: The Commission works side-by-side with state and local government, business associations, unions, educational institutions and California's network of regional and local Economic Development Corporations (EDCs) to: identify, illustrate and suggest ways to remove barriers to increasing employment and doing business in California; identify and assist employers interested in expanding in California or at risk of leaving the State; and, help market California products, services and destinations to national and international audiences.

Local Economic Development Organizations: Local and regional EDOs can play a significant role in trade promotion and foreign direct investment. As organizations dedicated to business attraction, development and retention, they are particularly important participants in the attraction of FDI. Many EDOs throughout the state conduct their own foreign missions to encourage investment and promote companies in their region.

Funding

The current budget shortfall calls for a prudent Strategy that postpones significant program expansion. This is consistent with the International Trade and Investment Study which calls for the development of a program plan and funding structure for recommendation to the Legislature for FY 2009-2014. This Strategy focuses on an attainable goal within the context of current resources, thus there are few impediments to achieving stated objectives. The only identifiable impediment that could delay implementation of the Strategy objectives would be a significant loss of funding to one or more state partners.

Organizational Structure

The International Trade and Investment Study recommended that an experienced small core staff within BT&H be developed to coordinate and integrate other service providers, and provide direct services in strategic areas. However, the current budget calls for maintaining existing funding levels. Thus, the current structure will remain in place until this Strategy can be reevaluated in preparation for FY 2009-2010. Current international trade and investment staff structure consists of three individuals; an Undersecretary for International Trade, and a program analyst.

Conclusion

The cumulative effect of increasing international trade strains our infrastructure, especially transportation infrastructure. Unless goods movement infrastructure and investment keeps pace with trade expansion, the lack of infrastructure itself will serve to limit expansion opportunities. Thus, the State's trade and investment activities should be discussed in the full context of broader economic development goals and infrastructure development.

The International Trade and Investment Act requires that this Strategy to be updated at least once every five years, and the International Trade and Investment Study recommends that this Strategy be updated every two years. However, BT&H will reevaluate the objectives and actions outlined within this document in time to make appropriate recommendations for budget allocations in FY 2009-2010. In conjunction with any reevaluation of this Strategy, BT&H shall also reevaluate the identified priority industry clusters.